

**PILOT LOCAL
GOVERNMENT
PARTNERSHIP PROGRAM**

**ECONOMIC DEVELOPMENT
STRATEGY MODULE**

(DRAFT)

Prepared for



East European Regional Housing Sector Assistance Project
Project 180-0034
U.S. Agency for International Development, ENI/EEUD/UDH
Contract No. EPE-C-00-95-001100-00, RFS No. 616

Prepared by

Blaine Liner
Pat Dusenbury



THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

January 1997
UI Project 06610-616

TABLE OF CONTENTS

	Page
APPROACH TO ECONOMIC DEVELOPMENT STRATEGIES FOR POLAND'S GMINAS	1
Introduction	1
Initial Assessment	1
Strategy Development	3
Economic Development Implementation	5
THE HOW AND WHY OF LOCAL ECONOMIC DEVELOPMENT: BEST PRACTICES FOR POLAND'S GMINAS	7
Introduction	7
Definition	8
Principles Guiding Local Economic Strategies	8
The Initial Assessment	13
Strategy Development	15
Implementation	18
RELEVANT LITERATURE	23
TRAINING PLAN	31

PILOT LOCAL GOVERNMENT PARTNERSHIP PROGRAM

ECONOMIC DEVELOPMENT STRATEGY MODULE

APPROACH TO ECONOMIC DEVELOPMENT STRATEGIES FOR POLAND'S GMINAS

Introduction

When a partner city indicates that it wants technical assistance in economic development, the priorities of the Pilot LGPP are to ensure that (1) the city has a community-based strategy to guide its economic development activities, (2) a designated agency and individual have lead responsibility for implementing that economic development strategy, and (3) there is a foundation for cooperation between the private and public sectors to promote economic development.

The UIC team will prepare for its first visit to the pilot partner city by requesting copies in English of relevant background documents. Such documents include data describing socio-economic trends, any existing strategy for future development that the city has prepared, plus background information about on-going economic development agencies, programs or activities with which this effort might coordinate.

The Pilot LGPP is intended to build local government capacity to fulfill its multiple roles. The Pilot LGPP UIC team not only provides immediate assistance and training to partner cities but also will strive to transfer to Polish consultants technical expertise in the subject areas. As early in the process as possible, the technical assistance team will identify qualified Polish consultants who work in the target area and invite them to join the project team. The US-Polish partnership will combine US experience in local economic development in a market-based system with Polish knowledge of the cultural, economic and social environment. Team members will have the opportunity to learn from one another.

Initial Assessment

During its first visit, the project team will conduct an environmental scan. The scan has three main components. It includes an assessment of the local business climate, an analysis of socioeconomic trends, and an inventory of the institutional and programmatic resources supporting local economic development. The scan will support preliminary identification of local comparative advantages and target industries.

To gather information for the scan, team members will meet with representatives of the entities that are most important to economic development. In addition to the gmina self-government, these entities may include the regional labor office, any regional development agencies operating in the gmina, foundations and other non-government organizations, citizen groups, the chamber of commerce or other business association, local businesses, banks, and organizations providing services to businesses. The

purpose of the meetings is to discuss the role of the gmina in economic development, assess the local business climate, gather data describing the local economic situation and socio-economic trends, and identify economic development resources available in the community, including the names of key business and community leaders. If there is a current economic strategy, the project team will also ask the political, citizen, and business leadership to reaffirm their support for that strategy.

The assessment of the local business climate will look first at the relationship between local government and local businesses, the single most important component of the local business climate. Local business support organizations are important sources of information on this topic. Other factors shaping the business climate include access to the factors a business needs to prosper and expand. Business leaders will be asked about the availability of suitable sites for business activity, access to capital, and the adequacy of the local labor force. Finally, local business organizations and executives will be asked to identify impediments to local business expansion, including regulatory barriers. The resource inventory portion of interviews may surface information about impediments to economic development that are outside the purview of the gmina. For example, frequent regulatory changes at the national level may be hurting local industries. Although national issues cannot be addressed directly within the LGPP, information about specific problems will be communicated to the project management team, which will organize similar information from all teams in all partner cities and convey it to the appropriate entity for addressing the problem areas.

The central piece of the initial assessment is an analysis of socio-economic trends that gives a quick picture of how the gmina is faring relative to the recent past, to the surrounding region, and to the country as a whole. This analysis is important, but equally important is limiting the number of statistics used to achieve the purposes of the analysis so that this step does not take a long time or assume a life of its own. The first step of the trends analysis is to define the target area - which could be the gmina, a group of gminas, or the voivodship - and the region. The geography of employment, commuting, and shopping patterns helps define the local economic area, which rarely coincides with the political boundaries of a single gmina. Political and business leaders will be asked about economic and other links that define the local economic area and the larger region.

The analysis of demographic trends should reveal how total population, population of working age people, and educational levels have changed in recent years. One key indicator is the migration of working age people; another is the dependency ratio, the ratio of working age to non-working age population. Income trends are described by the changes in wage rates, average annual income per capita and per household, and the contribution of public sector transfer payments to incomes. Employment trends are described by changes in the number of jobs, the distribution of jobs by industry, Labor force participation rates, and the rate of unemployment. An issue during transition is the ongoing progress of privatization and related questions about impending closings or lay-offs at local industries.



In each area, the analysis compares trends in the target area with the region and the country, and calculates an index to describe that relationship. Changes in the index over time quantify relative trends in socio-economic measures. Once this basic analysis is done, the results may suggest a more in-depth look at a particular area, but that will vary by locality.

The inventory of economic development resources is the third piece of the initial scan. The most important resource for local economic development is an entity in the gmina charged with primary responsibility for promoting local economic development. Other institutional resources include regional development agencies and foundations, business innovation centers, business associations and chambers of commerce, promotional and trade institutions, business information centers, incubators, and other entities developed to support and promote private sector enterprises. Educational institutions that provide worker training or research and development capacity are also economic resources.

The resource inventory portion of the initial assessment will also gather information about the programmatic resources. Business and government leaders will be asked about the availability of business support programs such as industrial parks and incubators, loan funds or guarantees, and worker training programs offered at the local vocational educational institutions.

At the conclusion of its initial visit, the project team will prepare an environmental scan report summarizing the information gathered during their first visit. This report can serve as the starting point for a SWOT analysis or for the identification of local comparative advantage. It also helps gminas respond to questions from potential investors, who are trying to assess the suitability of the gmina for their business. Finally, the scan indicates areas where other LGPP teams may be asked to participate in strategy development.

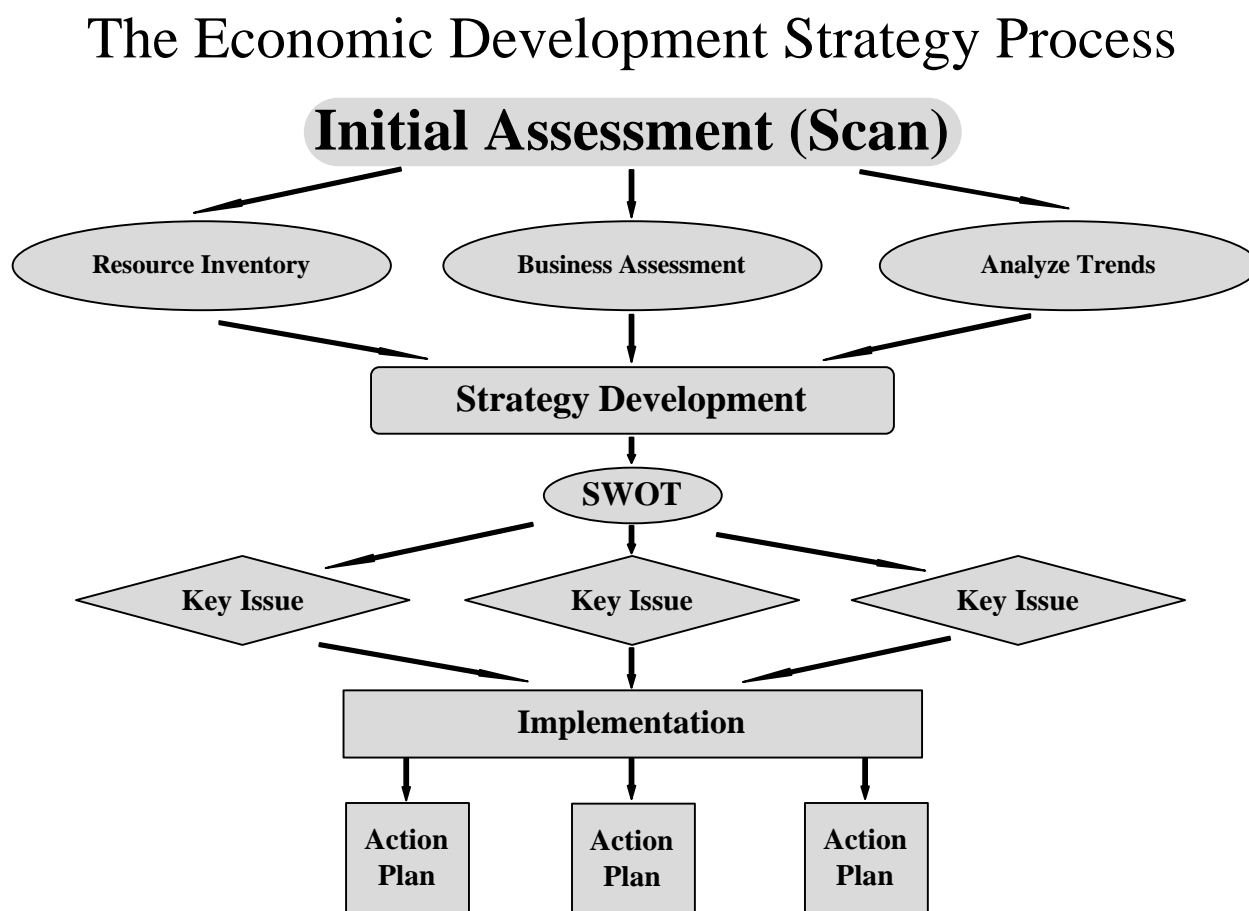
Strategy Development

Since the government reform, several sources have offered technical assistance in strategic planning to local governments in Poland. Many local governments have participated in strategy development exercises. The results vary from place to place, and the next step in program activities depends upon the local situation.

- If there is a strategy enjoying broad support, that document will become the basis for future efforts;
- If there is a partial strategy, a strategy developed with only limited participation, or a strategy having only limited support, that document may serve as a starting point for development of a strategy with broad participation;

- If there is no current economic strategy, the project team's summary report will be used as a starting point for development of an economic strategy.

Development of an economic strategy usually will go forward in cooperation with the public information and citizen participation component of the Pilot LGPP. Business and community leaders plus representatives of entities involved in economic development will be recruited to form a strategy development group. Public information dissemination will keep citizens informed about why the strategic planning process is being undertaken and what benefits can be expected. The following diagram describes the standard strategy development process.



This approach section describes a strategy development process that moves from the top of the diagram downward. The initial visit provides the input for the scan report that initiates the process. However, that visit may also surface key issues that require



immediate attention. Those issues will be addressed immediately, because the economic development strategy process is a continuous operation. Work may begin on a key issue, concurrent with the standard strategy development process. This approach allows the flexibility to take advantage of economic development opportunities when they arise and to adjust in mid-course when circumstances change.

The LGPP economic development team will support the strategy development process. Technical assistance could include an economic base analysis to help clarify the strengths and vulnerabilities of the local economy. Backwards linkage, value added, and cluster analyses could be used to support target industry selection.

The most important contribution could be leadership training. It is often a crucial component for building public-private partnerships in the economic development arena. Leadership training, including consensus building and conflict resolution techniques, could be provided to support the local government and business leaders as they are being asked to take on new responsibilities. This is another arena for cooperation between the LGPP economic development and citizen participation teams.

Economic Development Implementation

Once the partners agree that there is a satisfactory economic development strategy in place, the next steps are to translate the strategy into action plans and to develop realistic projects to implement those action plans. Budgets and financial projects are important to this phase. The LGPP strategic management and infrastructure financing teams have produced financial analysis tools which may be used to guide implementation decisions. Keys to achieving implementation include a realistic budget, adequate funding, and an entity with lead responsibility for seeing that implementation occurs.

The strategy development group will consider the projected costs and expected benefits to decide which projects have the highest priority. In selecting projects for implementation, the emphasis should be on projects that can reasonably be expected to produce tangible progress in strategy implementation within the constraints of available funding and local opportunities. LGPP resource files are available to help the gmina identify outside funding resources. The project team will help with technical assistance and provide model documents if they are available. The LGPP team will not do project feasibility studies or participate in any contract negotiations associated with project implementation. Those activities are the responsibility of the implementing agencies.

Throughout this process, the Pilot LGPP defines economic development broadly in order to meet the unique and individual economic development needs of each participating gmina. Topics that could be considered within the economic development framework range from job skills training to using city-owned property for an incubator or

industrial park, analyzing the local economic base and identifying target industries, or encouraging capital availability for business support. The intent is to be inclusive.

Cross team support is an integral part of the Pilot LGPP. Data provided by the financial tools being developed for gminas will be an important input to the economic strategy. As noted previously, a citizen participation and public information team probably would be asked to assist in a strategy development process and in leadership training. A land management and development team might become involved if the strategy called for strengthening the gmina's capacity for asset management, or a housing management and development team may work with the economic development team to support community development initiatives. And, the condition and adequacy of infrastructure is always a primary consideration, so that team may be called upon frequently. Project resources also include access to experts in specialized areas such as agricultural economics or tourism promotion.

If the category of resources finds that there is a local implementing agency to support economic development, the project team will offer technical support to build its capacity. If none exists, the project team will help the gmina evaluate organizational options and then implement their choice. Technical assistance for this task could encompass staff development and job descriptions or it could be limited to assistance with networking. This is a crucial issue, and outside consultants may be asked to provide specialized assistance in this arena. Assistance will be tailored to the unique local situation.

It is clear that the partner cities are most interested in technology transfer, tools that will enable them to manage their affairs more efficiently and effectively. The economic development team will pull together a tool kit of relevant techniques and models in the process of working with the pilot cities. To date, there are two tools in the tool kit. They include a survey to determine business expansion plans, which was developed to help Kutno assess demand for space in a planned industrial park, and a community-based tourism strategy development process that was developed for rural areas in South Carolina and may be used in Nowy Sacz. The initial components illustrate how the requested tools will be compiled from existing sources where possible and developed by the project team when necessary. There also will be efforts to identify indigenous tools to meet economic development needs.

The Pilot LGPP goal is to leave the partner city with enhanced capacity for economic development. By the conclusion of the project, each partner gmina should have (1) an economic strategy that was put together with broad community input, (2) an entity with lead responsibility to implement economic development projects, and (3) a working relationship between the local government and the business community, built upon their common support of economic development. In addition, the Polish consultant partner will have learned techniques of local economic development planning, which can be applied in other gminas.



THE HOW AND WHY OF LOCAL ECONOMIC DEVELOPMENT: BEST PRACTICES FOR POLAND'S GMINAS

Introduction

The local self-government role in economic development is limited but important. Macro-economic planning and sectoral reforms occur on the national level, and Polish law forbids a gmina from engaging in business activity except in the provision of essential services. However, the gmina can influence its own economic future because it has the power to create and maintain a local environment conducive to private sector economic activity. Such an environment is described as a good business climate. A good business climate attracts investment. Successful investments create jobs and wealth, two outcomes that are the goal of most economic development activity.

The gmina is a new level of government with responsibilities and intergovernmental roles that are evolving. Most significantly, the gmina is the avenue for citizens to affect the conditions of their lives. It is the level of government closest to the citizens and the vehicle for bottom-up influences on the government. This is a difficult position when citizens hold the gmina responsible for directives that originate from the top-down. The best response is for the gmina to develop its capacity to act from the bottom-up and to serve its citizens.

Local economic development activities occur within the framework of national economic planning and the voivodship economic priorities. Those directives come from the top-down, but there is reason and capacity for local actions that come from the bottom-up. The gmina role in economic development has four bases: 1) the economic welfare of its citizens, 2) the fiscal health of the gmina, 3) the provision of adequate utilities and services, and 4) the management of municipal assets. All are important to the local business climate.

The gmina has concerns about the economic welfare of its citizens because economic problems can lead to social and political unrest. The impact upon the gmina budget is further reason for concern. If citizens cannot find jobs that provide a decent standard of living, they will both require assistance and be unable to contribute tax revenues. The strong interest of the gmina in a healthy local economy calls for a local role in economic development.

Privatization brings additional economic responsibilities to the gmina. The privatization of utilities may involve transfer of a utility from the state to the gmina, which then has to create a municipal entity to operate it. The gmina has to decide which utilities should remain in public ownership and which should be transferred from the gmina to the private sector. Dependable, adequate, and affordable sources of energy, and water and sewage treatment support economic activity. Related issues are the local government



decisions about providing local services such as trash collection and street maintenance through a municipal entity or contracting with a private company to provide services.

Housing and land formerly in state ownership continues to be transferred to gminas. The gmina may plan to dispose of this property, but often it cannot do so until ownership is clarified, because individuals may have claim to property that was taken from them by the previous government. Other properties may be held until the market improves or be designated for continued public ownership. Regardless, property ownership makes the gmina responsible for property management. Well-managed property is a resource for economic development that can be used to attract investors. Poorly managed properties can lead to blight that makes the surrounding area less attractive to investors.

The gmina and the citizens are being asked to play new roles in the strategic process for local economic development. The Pilot LGPP offers technical assistance and training to build the capacity of the gmina to perform its new roles. Training is integral to capacity building. The difficulty of assuming new responsibilities is eased by supportive training programs in management and functional areas. The organizing construct of leadership training programs for economic development reflects the local situation. It can be built around the process of preparing a local economic strategy, action plan, or a single project.

Definition

A working definition of economic development is “change that results in improved economic standards of living for residents and increased revenues for the gmina in the framework of sustainable development.” This definition leaves room for refinement by the individual gmina to reflect local goals.

Sustainable development has special resonance in an area that has experienced environmental degradation. In Poland, the national government establishes environmental regulations, and the Voivodship contributes to enforcement. The gmina promotes sustainable development by prudent land use planning, careful management of its land assets, and ecologically responsible operation of municipal services and utilities.

Principles Guiding Local Economic Strategies

While each local economic development strategy should be unique to the locality, there are also general principles with broad applicability. The Pilot LGPP economic development effort follows five principles for an effective local economic development program. What follows is a description of how each principle applies in the Pilot LGPP context.





Five Principles for Local Economic Development

- Economic development is an ongoing process.
- A strategic approach makes the most efficient use of resources.
- Economic development is a public-private partnership.
- An economic development strategy is built on community values, which provides stability.
- A realistic economic development strategy is long-term in perspective, while remaining flexible in shorter-term implementation plans and projects.

■ **Economic development is an ongoing process** that begins with preparation of an economic development strategy to set the overall goals and the paths that will be used to attain those goals. The next step is to develop the action plans that move the strategy toward implementation. Action plans describe project options and define the implementing agency, projected budget, and potential source of funding for the proposed projects. Once the highest priority projects are selected, project planning proceeds. Project plans refine the projected budget and are the basis for bid tenders and actual implementation. But economic development is not completed with the individual projects.

Products of the economic development process are defined by the goals of the economic strategy. The strategy continually addresses those goals with new action plans and new projects. The realities of competition in a market based economy punish those who would achieve economic development and then rest on their laurels. It is necessary to respond to changing economic realities and to seize opportunities that arise. For the gmina, economic development is a permanent function rather than a one-time project.

■ **A strategic approach makes the most efficient use of resources** and produces better results than does a group of unrelated projects. The best analogy is a boat being rowed by a crew. If all row in unison, the boat moves toward its destination. If one side does not pull its weight, the boat moves in a circle. Clearly a strategy is valuable to harness and direct resources. And just as clearly, it will not be effective unless all involved parties agree upon it.

For Poland, the concept of planning has to overcome forty years of ineffective centralized planning that left people hungry in a land of agricultural bounty. The economic development planning described here is diametrically different. It is a bottom-up rather than a top-down process. It functions at the self-government level and starts with input from the most directly involved parties. Rather than a single plan for all, this process emphasizes the varied and unique needs of each individual gmina or groups of gminas that comprise a local economy.

■ **Economic development is a public-private partnership** and after forty years of a command and control hierarchical system of economic planning, the partnership

between government and business has to be rebuilt. The public-private partnership is important because economic development calls for activities that can only be implemented by the government as well as activities that should be carried out by the private sector. The partnership begins as soon as possible in the planning process. A very basic rule for strategy development is to include all those entities that will be called upon to help implement the strategy. The public-private partnership for economic development extends to non-government organizations and educational institutions, because they too have a role in implementation of economic development strategies.

Ideally the public-private partnership is based upon not just shared goals, but also mutual respect, trust, understanding - as in a relationship between people. At the very minimum, there needs to be agreement about the allocation of roles and responsibilities. None of these attitudes are easy to achieve, and, at times, interests of the various parties will conflict.

OPINION SURVEY OF THE BUSINESS COMMUNITY IN THE POZNAŃ AREA

Within the framework of creating local economy policy, Poznań began a program of enterprise support and investments. The aim was to develop a program having real impact on investments in Poznań. The program used a marketing survey to identify real problems that entrepreneurs and investors encounter and to collect opinions on solutions to the problems.

The companies surveyed were chosen through a stratified sample that reflected the composition of area businesses in terms of size and foreign or local origin. Interviews were conducted with corporate officers by professional surveyors.

Opinions regarding the following subjects were collected during the survey:

- factors which attracted investors to the Poznań area;
- the regional climate for investing, including market, transport and telecommunication infrastructure, efficiency of government, banks, chambers of commerce and other organizational entities, and the living conditions in Poznań;
- local organizational authorities (from the point of view of their influence on the activities of the companies) and their roles in land acquisition and the stages of the investment process;
- areas which enterprise programs should support.

As a result, valuable information necessary for preparing the business support program was obtained. The information, including legal and financial analyses, enhanced program development. A separate result was the increased and positive perception of government by the business community, which was impressed that they had been included in the design of the program. The information also was used in promotional materials. Some of the criticisms of governmental activity were used by managers to reorient or revise procedures that were leaving a negative effect.



Business participation in local economic development planning helps define what comprises a good business climate. No-one can better tell the gmina what is important to support local businesses. This role requires a mature attitude on the part of businesses, and most Polish firms are very young. The necessity of focusing all their energies on survival and growth has not left room for development of a corporate citizen perspective. Thus, training and education is needed to help both partners recognize the validity of each other's interests and their shared interest in a good business climate.

■ **An economic development strategy is built on community values.** Economic development is undertaken for the benefit of the gmina and its residents, and so the economic strategy is built upon a foundation of community values and citizen support. This provides the stability that contributes mightily to a good business climate. When investors make their plans for the future, it helps them to know what tax and regulatory costs they will have to meet, what assistance they can expect. If the gmina is committed to an economic development strategy, firms know what to expect from government. Involving citizens in strategy preparation creates a base of support for the strategy that helps it survive changes in political administrations and thus provide stability in economic policies.

ZELOW'S WINNING ECONOMIC DEVELOPMENT STRATEGY

Zelow, historically a small textile manufacturing town located in central Poland, experienced unemployment rates of 40% at the beginning of the 90s. Local officials created an office to focus on economic development, The Foundation for the Development of the Gmina of Zelow. This Foundation's first efforts were to invest in basic infrastructure such as water and sewage treatment plants. When the gmina was selected to participate in the PHARE Local Initiatives Program, the Foundation initiated preparation of a local development strategy, which eventually involved over 100 citizens organized around major topics such as education and ecology as well as economic development. Using the SWOT analysis technique, the groups identified critical issues, brainstormed for solutions and opportunities, and developed strong citizen commitments for solutions and directions to take. Business plans or action plans were designed by the citizens to overcome identified problems and to pursue specific opportunities.

After the first two years of implementation, unemployment dropped from 40% to 18%. More than 300 new jobs were created, many through the establishment of new businesses under the new entrepreneurship program. The Foundation continues to tackle the area's problems and opportunities with vigorous levels of citizen involvement. Its entrepreneurship promotion program is considered one of the best in Poland. The Foundation has become a partner with many different donor and assistance organizations, including the World Bank. A steady stream of observers arrives each year from other countries and from gminas all around Poland to study and evaluate the transferability of this successful effort that flows directly from the gmina's strategy for economic development.

■ **A realistic economic development strategy is long-term in perspective, while remaining flexible in shorter-term implementation plans and projects.** A long-term commitment to the strategy is crucial. Economic development takes time, and so an economic development strategy should be a long-term commitment. A key issue for defining success is to use the appropriate time frame for measuring progress, allowing a realistic amount of time. As economic development planning moves from the general level of the strategy through more closely defined action plans to specific projects, the time frame becomes shorter. The economic strategy is long-term, the action plans to implement it have intermediate horizons, and individual projects are described within immediate time frames.

FLEXIBILITY IN PURSUING ECONOMIC OPPORTUNITIES IN KUTNO

The city's location in a very productive agricultural area led the city's leadership to consider the development of a food processing and distribution center as a high priority. Additional land was purchased on the edge of the city in an area earlier planned as an industrial park.

An expert in Polish agricultural marketing was brought to Kutno for on-site inspections and discussions with local businesses. The expert reviewed crop production data and discussed the planned food processing and distribution center with officials in the Ministry of Agriculture. It was found that the Ministry had recently designated several cities as food distribution and processing centers that would receive special assistance from Warsaw. Kutno was not among those named for this special assistance.

The expert recommended that the city renew its priority for developing the area as an industrial park, leaving the food processing and distribution center as a somewhat lower priority. Meanwhile, the Pilot LGPP UIC Team found that Kutno has an unusually large volume of truck traffic and could easily provide truck-related services and repairs, such as tank cleaning, recapping tires, diesel engine repair, and other truck-stop-type services. The foundation for this new priority, called a backward linkage in economic terms, could be built around the Volvo and Mercedes organizations, both having recently located in or adjacent to the industrial park boundaries. As a result, the city has reasserted its earlier priority to develop the land as an industrial site rather than solely as a food processing and distribution center. This has released land for immediate development, some of which is already under negotiation.

The overall economic development goals for Kutno remain unchanged as far as development of jobs and a broadened employment base. However, action plans underwent rethinking as a result of more in-depth analysis by the Pilot LGPP UIC Team, and have been adjusted to reflect the reality of strengths and opportunities. The Pilot LGPP UIC Team and local officials are now focusing efforts on plans to develop the park infrastructure so that recruitment of more firms for expansion or resettlement can proceed.

The variety of time frames creates flexibility for the economic strategy. Flexibility allows the gmina to take advantage of unexpected opportunities that arise and to adjust to unexpected problems that surface. The periodic re-evaluation of action plans is



standard procedure in the strategic process and ensures that action plans remain faithful to the community vision and relevant to the economic strategy goals.

We cannot predict changes in circumstances and knowledge, and so the perfect economic strategy does not exist. Trying to produce perfection is a waste of time. Although imperfect, the economic strategy is extremely useful. To return to the boat analogy: Each oar does not have to hit the water with precision for the team to move the boat toward the chosen destination. In the context of an economic strategy, the reality of imperfection is addressed by building in flexibility, periodic reviews, and a process for revisions. Just as economic development is an ongoing process, economic development planning is an iterative process.

The Initial Assessment

The UIC team will prepare for its first visit to the pilot partner city by requesting copies in English of any existing strategy for future development that the city has prepared. The team will also ask for available socio-economic data and background information about on-going economic development programs or activities with which this effort might coordinate. The information will be used to begin an inventory of resources, appraisal of the local business climate, and an analysis of socio-economic trends.

During its first visit, the project team will meet with representatives of the entities that are important to economic development. In addition to the gmina self-government, these entities may include the regional labor office, any regional development agencies operating in the gmina, foundations and other non-government organizations, citizen groups, the chamber of commerce or other business association, local businesses, banks, and organizations providing services to businesses. The purpose of the meetings is to discuss the role of the gmina in economic development, gather data about the local economic situation, and the resources available in the community, particularly the names of key individuals. If there is a current economic strategy, the project team will also ask the political, citizen, and business leadership to reaffirm their support for that strategy. The project team will prepare a report, called an environmental scan, summarizing the information gathered during their first visit. The scan will highlight areas of local comparative advantage that represent economic development opportunities.

The Pilot LGPP is intended to build local government capacity to fulfill its multiple roles. The Pilot LGPP UIC team not only provides immediate assistance to partner cities but also will strive to transfer to Polish consultants technical expertise in the subject areas. As early in the process as possible, the technical assistance team will identify qualified Polish consultants who work in the target area and invite them to join the project team. The US-Polish partnership will combine US experience in economic development in a market-based system with Polish knowledge of the cultural, economic and social environment. Team members will have the opportunity to learn from one another.

Inventory of Resources

The most important local resource for economic development is an entity in the gmina charged with responsibility for promoting local economic development. An economic development strategy requires a lead implementing agency. Other resources for economic development include regional development agencies and foundations, entrepreneurship innovation centers, business associations, chambers of commerce and promotional and trade associations. The initial assessment will also gather information about the availability of specific programs that support business such as industrial parks and incubators, loan funds or guarantees, worker training programs and the local vocational educational institutions.

Many programs are underway in Poland to assist the transition to a market economy. The LGPP pilot cities are among the more active gminas, and are participating in many programs. Those programs represent resources that should be considered in the LGPP strategy development process.

Educational and training resources promote economic development and may be needed to give residents access to jobs created by local development. Public vocational schools, some of which are managed by the gminas, provide education and training for workforce development. Other institutions, including the regional offices of the Labor Ministry also offer workforce training and re-training. Partnerships for local economic development extend to encompass teaching and training institutes as well as the Labor Ministry.

Appraisal of Business Environment

The relationship between local government and local businesses is a key part of the local business climate. Experience has proven that gminas that have an open and helpful attitude toward the private sector appear more attractive to investors. Other factors shaping the business climate include access to the elements a business needs to prosper and expand. Business leaders will be asked about the availability of suitable sites for business activity, the ease of obtaining capital, the adequacy of the local labor force, and the local permit and licensing processes.

How the gmina uses its tax and regulatory powers affects the business climate. The most important issue is stability. Business needs to be able to plan its outlays. Particularly if there is frequent change, local regulations and tax systems may appear to business owners and investors as reasons to not invest or grow. The Pilot LGPP team will discuss these issues with local officials to obtain an impression of the local impediments to a good business climate.



The final element of the business climate is how well the gmina or the responsible enterprises provide needed utilities and services. Key questions address the availability of reliable and adequate utilities and the adequacy of the infrastructure.

Analysis of Socio-economic Trends

The central piece of the initial assessment is an analysis of socio-economic trends that gives a quick picture of how the gmina is faring relative to the recent past, to the surrounding region, and to the country as a whole. This analysis is important, but equally important is considering only a few key statistics so that the assessment is done quickly. The first step of the analysis is to define the target area - which could be the gmina, group of gminas, or the voivodship - and the region.

Political boundaries rarely coincide with the boundaries of the local economy, and so a gmina might want to cooperate with its neighbors in developing and implementing an economic strategy. Analysis of employment and shopping patterns identifies the economic linkages between gminas and helps define the area of a local economy. Often, however, residents of the area, especially the local business and government leaders, are aware of those links and can define the gminas that comprise the local economic area.

Once the area has been defined, the next step is to invite the participation of the other gminas. The most effective incentive for more than one gmina to cooperate on economic development is clear benefits for all participants. Sensitivity on the part of the largest gmina in the region, frequently the organizing entity, to the individuality of smaller gminas contributes to a successful cooperation. The existence of aid programs targeted to regional development agencies (RDAs) but unavailable to individual gminas encourages gminas to work together within an RDA.

Socio-economic analysis describes the situation in the target area. The analysis of demographic trends should reveal how total population, population of working age people, and educational levels have changed in recent years. A key indicator is the migration of working age people. Income trends are described by the changes in wage rates, average annual income per capita and per household, and the contribution of public sector transfer payments to incomes. Employment trends are described by changes in the number of jobs, the distribution of jobs by industry, and the rate of unemployment. An issue during transition is the ongoing progress of privatization and related questions about impending closings or lay-offs at local industries.

In each area, the analysis compares trends in the target area with the region and the country, and calculates an index to describe that relationship. Once this basic analysis is done, the results may suggest a more in-depth look at a particular area, but that will vary by locality. The information provided by this initial assessment is an input into the

development of an economic strategy. It also helps gminas respond to questions from potential investors, who are trying to assess the suitability of the gmina for their business.

Strategy Development

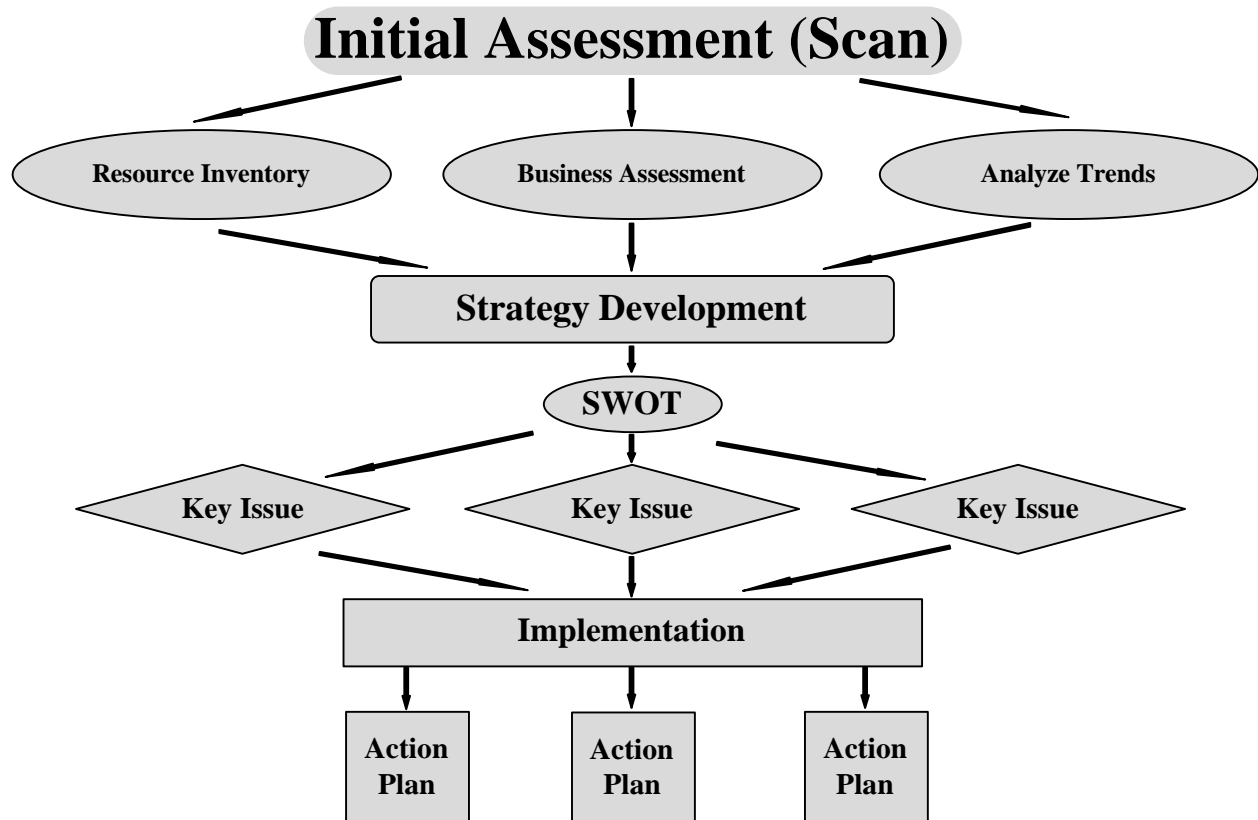
Since the government reform, several sources have offered technical assistance in strategic planning to local governments in Poland. Many local governments have participated in strategy development exercises. The results vary from place to place, and the next step in Pilot LGPP activities depends upon the local situation, and likely will reflect one of the following situations:

- If there is a strategy enjoying broad support, that document will become the basis for future efforts;
- If there is a partial strategy, a strategy developed with only limited participation, or a strategy having only limited support, that document may serve as a starting point for development of a strategy with broad participation;
- If there is no current economic strategy, the project team's summary report will be used as a starting point for development of an economic strategy.

Development of an economic strategy usually will go forward in cooperation with the public relations and citizen participation component of the Pilot LGPP. Business and community leaders plus representatives of entities involved in economic development will be recruited to form a strategy development group. Public information dissemination will keep citizens informed about why the strategic planning process is being undertaken and what benefits can be expected. The following diagram illustrates the strategy development process.



The Economic Development Strategy Process



The approach to strategy development can vary with the local situation. A community visioning process emphasizes the positive, and may be preferred in some situations to a process that emphasizes problem identification.

Community participation helps set the general direction and goals of the strategy. Technical expertise facilitates the community participation and provides analyses of the local situation to help inform the discussion. Economic development specialists translate data into information and make that information available to the community. Specific tools that may be useful for economic development include economic base, value added, backwards linkage, comparative advantage, and industrial cluster analyses that identify business assets and potential target industries.

Throughout this process, the Pilot LGPP defines economic development broadly in order to meet the unique and individual economic development needs of each participating gmina. Topics that could be considered within the economic development framework range from job skills training to using city-owned property for an incubator or industrial park, analyzing the local economic base and identifying target industries, or encouraging capital availability for business support. The intent is to be inclusive.

Implementation

Implementation of the economic development strategy and action plans involves three components. The first is organizational. The responsibility for implementing the strategy must be clear. Once an individual or agency has been named to that lead role, their responsibility includes mobilizing resources and evaluating progress for local economic development.

Organizing for Local Economic Development

Local economic development requires an organizational structure and an understanding of available resources. There are two key decision points for organizing the local economic development effort. The first is defining the geographic area. The second is establishing the appropriate administrative structures and partnerships. Both points have to be addressed locally and the decisions made to reflect the unique local situation as described in the initial scan.

Administrative options for a local economic development program include a department within the city government, the creation of a municipal enterprise to manage economic development activities, or contracting with an outside entity such as a chamber of commerce. If a group of gminas is working together on economic development, they may establish an entity representing all participant local governments to oversee the activities. The options are not mutually exclusive, and a combination approach is often effective, with the different agencies acting as partners in economic development implementation.

The public-private partnership approach is frequently used to create an economic development agency that is a separate non-profit corporation funded by the local government and managed by a board of directors comprising representatives from entities involved in economic development programs plus the business community. The economic development agency may seek additional funding from other sources to implement specific activities. Non-profit organizations are providing management and technical assistance, access to capital, and operating small business incubators in several Polish cities.

Implementation of an economic development strategy involves diverse entities and varied activities. Because no one entity has the multiple capacities to perform all the



activities, local economic development activities are best administered by a partnership.

As in strategy development, the most effective partnership is one that includes all the implementing agencies. The optimum arrangement for the individual gmina is dictated by local circumstances, but cooperation benefits all situations.

Local Resources for Economic Development

COOPERATION IN ORGANIZING ECONOMIC DEVELOPMENT ACTIVITIES

Gliwice has attracted widespread attention due to the decision of General Motors/Opel to locate its new factory there. Their proposal was put together in a very short time through a team effort led by the Economic Development Agency, a non-profit corporation set up by the city, and involving city departments, public and private utilities, and regional offices of the voivodship.

The GM/Opel proposal is not the only example of successful teamwork for economic development in Gliwice. Early in 1996, the Gliwice Economic Development Agency, Silesian Polytechnic University, the Chamber of Commerce, the regional Labor Ministry Office, the Silesian Foundation for Small Business, and the Business Information Center signed an agreement to work together for their common goal. The agreement lets all the partners know what the others are doing so that there is (1) no overlap or gaps in the services available to support business and (2) no competition between service providers.

The first cooperative venture of the business support organizations was a job fair, which was held at Silesian Polytechnic University in October of 1996. Some 2,000 people attended the two-day fair, which focused on jobs for engineers and trained workers on day one and then on jobs for unskilled workers on day two. The job fair was so successful that the partners plan to make it an annual event.

Cooperation also governs day-to-day activities. The business support organizations in Gliwice agreed upon the path for a client who comes to one of the partners needing services. Cross-referrals ensure that service needs are met appropriately. The business support organizations are finding cooperation helps them deal with the growing number of inquiries generated by publicity about the GM/Opel decision.

Economic development activities enhance the human, institutional, business, and physical resources of the gmina, build upon its comparative advantages, and improve the local business climate. The tools that the gmina uses are its service provision and regulatory responsibilities plus its information provision capabilities and management skills. For example, improvements in educational programs that increase the skills of the work force enhance local human resources, while modifications in local permitting procedures that ease the process for investors are the product of good management. Other tools are less obvious. Maintaining a stable tax environment supports a good business climate by reducing uncertainty about future costs. The strategy itself contributes to a good business environment by giving firms guidance about future government actions that could affect business.

Some tools can be used as incentives that directly reduce the cost for investors. For example, the gmina can abate local property taxes for new investments or for investments that create jobs. The specific abatement is tailored to the local economic priorities. The gmina can transfer or lease land it owns to an investor at a reduced cost, construct a building, improve roads, or provide free training for the local workforce. The following table illustrates the most common tools used for local economic development.

Table 1
Three Stages of Strategic Economic Development

STAGE	TOOLS
SCAN	Surveys Statistical Analyses: Trend Identification and Projections; Economic Base, Backward Linkage and Value Added Industry Studies; Cluster Studies; Shift Share Analysis
STRATEGY DEVELOPMENT	Community Visioning Gap Analysis SWOT Analysis Leadership Training
IMPLEMENTATION	Loan Funds or Guarantees Incubators and Industrial Parks Worker and Entrepreneur Training Tax Incentives Infrastructure Improvements Etc.

Local economic resources are limited, but they are also powerful. Because economic development is a new area of activity for self-government, the full power of local resources is only beginning to be realized. Above all, the economic development strategy demands creativity as it allocates resources to achieve goals. Because something has not been done before is not sufficient cause to avoid doing it in the future. Because economic development requires partnerships, consensus building and negotiations will consume vast quantities of time of the city's economic development agency and the president and council. But these investments frequently pay large dividends.

Performance Monitoring and Indicators

Although the strategy is long-term, the gmina wants to be able to demonstrate progress in the shorter term. This is best done by setting intermediate benchmarks, which may be tied to specific projects or simply by quantifying a strategy goal such as job creation. If data for measuring progress toward strategy goals is not readily available, the



gmina can create data sources within its regulatory process. For example, the value of new construction can be tracked within the building permit process. The number of and employment at local firms can be tracked through the business registration process. Using local regulatory powers to gather data is a valid local economic development function, and it is often the best way to track progress toward economic goals. Annual or quarterly surveys of various indicators are also valuable methods for obtaining data. Interpretation of the data can be straight-forward.

As noted above, an expanding or relocating business may ask for concessions or incentives from the gmina. In general, the gmina should incorporate performance criteria in any incentive package; that is, included in the agreement with a company would be language indicating that, for example, the land must be built upon by the end of 24 months, or 20 employees will be hired as a result of the \$1 million loan. Measurable performance indicators should accompany these incentives. Default on these measures would nullify the agreement or call for a payback as appropriate. Where financial and tax incentives are used, It is especially important that the gmina establish performance monitoring systems to track progress.

RELEVANT LITERATURE

GENERAL REFERENCES

Blakely, Edward J. (1991) "The Meaning of Local Economic Development." in R. Scott Fosler, editor, *Local Economic Development: Strategies for a Changing Economy*. International City Management Association, Practical Management Series. Washington, D.C. (English).

Blakely presents the case for reinvigorated local economic development activity to assure that localities remain competitive in the international marketplace. In doing this, he reviews relevant economic development theories (or partial theories) such as neoclassical, economic base, location theory, central place theory, cumulative causation theories, and industrial attraction models. The author then presents a "synthetic" theory of local economic development that includes major components such as employment, development base, location assets, and knowledge resources.

Hershberg, Theodore. (1996). "Regional Cooperation: Strategies and Incentives for Global Competitiveness and Urban Reform." *National Civic Review: The Future of Regional Governance*. 85, (2), 25-30. National Civic League. Denver, Colorado. (English).

Hershberg supports the notion that the global economy of today requires cohesive and competitive regions. Hopes are pinned on identification and recruitment of a generation of leaders from local economies who can forge relationships locally so that regions rather than counter-productive and competitive city efforts play a dominant role in developing and sustaining local economies. His position is supported by three categories of influence on local economies: development of human resources; lower costs of goods and services; and more productive use of investment capital.

Jarczewski, Andrzej. (1996). *How to Catch the Opel (Jak Złowić Oplę)*. Municipium. Warszawa. (Polish)

This is addressed to local officials who are considering the preparation of development strategies in their communities. It describes the process by which Gliwice prepared the proposal that convinced GM to choose Gliwice as the location for its new Opel factory. The author interviews four key players - Janusz Moszynski, who was director of the Agency for Economic Initiatives in Gliwice; Zygmunt Frankiewicz, the President of Gliwice; Andrzej Karasinski, the Vice-President of Gliwice; and Piotr Popiel, the assistant to the President. The interviews show how techniques of marketing, promotion and negotiations were put in practice and used successfully. They describe the conceptual work, the decision process, the negotiations and the great finale - the contract signing.

This story is instructive because Gliwice got a late start but was able to catch up and then surpass the competition by emphasizing teamwork and using modern management methods. The Agency for Economic Initiatives (GAIG) led an interdisciplinary team of Directors and specialists from the Departments of Architecture, Land Management, Surveying, Environmental Protection, Building, Investment and Remodeling, even Health, Education and Culture, plus the legal councillors, and representatives from a variety of city institutions. The concepts that governed were: preparation, cooperation, and agreement/consensus and the philosophy that nothing is impossible in a normal business environment. In the words of President Zygmunt Frankiewicz, a 'non-material infrastructure' network of institutions was established in order to solve basic social and economic problems in Gliwice. The GM decision shows that it worked. The book describes how it worked.

Netzer, Dick. (1986). "State Tax Policy and Economic Development: What Should Governors Do When Economists Tell Them That Nothing Works?" *New York Affairs: Special Issue*. 9, (3), 19-36. New York University. New York, New York. (English).

The author reviews the evidence that is often cited with respect to the influence of taxes on the location of plants. Empirical studies are reviewed and shown to support the view that taxes have small if any impact on the location of most industries. Netzer explains why regression analyses are not useful for the projecting the impact of taxes on political units of government. He concludes that "...we know tax differentials matter. We don't know how much they matter." Various taxes, however, can be shown to be more or less effective in influencing corporate location decisions. General corporate income taxes, for example, are not "potent locational influences." There is little "systematic evidence with respect to personal income tax rate differentials [on location decisions]." Broad-based taxes have specific features (as do narrow-based taxes) that are likely to affect economic development favorably (i.e., deep cuts in real estate taxes). Intergovernmentally, in metro areas that straddle states or other jurisdictions, tax differentials are often reflected in the price of land. Netzer concludes that the evidence does not support hard and fast claims that tinkering with taxes can broadly affect business decisions, although he points out that narrow adjustments can have this impact if sufficiently large amounts of money are involved.

PHARE. *Programme in Poland*, EURO INFO Correspondence Center (Polish and English).

This is a reference book that describes all the PHARE funded programs operating in Poland. For each program it describes the objective, provides information about funded activities and eligible recipients, and lists a contact for further information.



Rosentraub, Mark S. and Michael Przybylski. (1996). "Competitive Advantage, Economic Development, and the Effective Use of Local Public Dollars." *Economic Development Quarterly*. 10, (4), 315-330. (English).

The authors focus on the differences between competitive advantage and comparative advantage of local economies. "After exploring the distinction between comparative and competitive advantage, this article reviews some of the reasons communities seldom assess their competitive advantages. To help communities focus on competitiveness, a method for identifying competitive rather than comparative advantages is presented. The local economy of Indianapolis is analyzed using this technique and specific local industries are identified that have a competitive advantage. The policy options for local governments having this information is then addressed in conclusion."

Spindler, Charles J. and John P. Forrester. (September, 1993) "Economic Development Policy: Explaining Policy Preferences Among Competing Models." *Urban Affairs Quarterly*. 29 (1), 28-53. Sage Publications, Inc. (English)

This paper presents a critique of the most commonly used and traditional local economic development models. Location rationale models, demand-side models, and human capital-development models are presented. Preferences for choices among them are discussed and put into international context by explaining risks that go with the choices. How to sort out the characteristics of different models (characteristics such as subsidies, tax incentives, etc.) into strategies to be used in stable or unstable environments is helpful to policy makers in developing economies.

Task Force for Regional Development in Poland. (July, 1996). *Outline of a Regional Development Strategy for Poland: Final Report*. European Union Task Force for Regional Development in Poland. Warsaw. (English).

This is a comprehensive report that urges Polish regional development and identifies key areas for national and local actions to further the development of regionalism. Among the key areas: slowing the degradation of the natural environment; creation of coherent financing mechanisms for regional development institutions; adjustment of rules and principles of regional development policy to those applied in EU countries.

Task Force for Regional Development in Poland. (February, 1996). *The Functions and Tasks of Local Public Administration and Non-Governmental Institutions in Regional Development: Diagnostic Part*. European Union Task Force for Regional Development in Poland. Warsaw. (English).

The report sets forth the functions and tasks of the voivodship administration and examines foundations, regional development associations, non-government organizations having a role in regional development. The report also sets out the characteristics of entities that must participate in regional policy, and outlines roles for each entity. Finances, work roles and personnel needs are presented as are models of regional agencies in other countries. An inventory of Poland's regional agencies is included along with listings of affiliate or useful organizations (Institutes, universities, consulting firms, etc.).

Wallis, Allan D. (1996). "Regions in Action: Crafting Regional Governance Under the Challenge of Global Competitiveness." *National Civic Review: The Future of Regional Governance*. 85, (2), 15-24. National Civic League. Denver, Colorado. (English).

This article explains that the global economy requires a regional approach to economic self-sufficiency. This regional approach has to include the development of institutions on a regional basis, the shaping of appropriate non-governmental organizations to take on specialized functions, public-private enterprises that can assist government in many undertakings; and citizen involvement and commitment. Short reviews of how the regional approach is superior to the status quo focus on Cleveland, Philadelphia, San Francisco, Research Triangle in North Carolina, and Seattle.

STRATEGY DEVELOPMENT HANDBOOKS AND FIELD REPORTS

Berman, Norton L. (November, 1995) *Local Strategic Planning: A Handbook for Community Leaders in the Czech Republic*. Barents Group LLC. (Prepared for the Public Administration Program of the USAID Democratic Initiative Project in the Czech Republic). (English).

This handbook is written in a straightforward jargon-free style and is intended for a lay audience of community leaders. It explains the strategic planning process in eight steps and then explains how to proceed with each step. The focus is on producing a community-based economic development strategy.



Booz-Allen-Hamilton. (December, 1995). *Municipal Manual*. Prepared for the Cooperation Fund. Warsaw. (English)

The Manual is a practical, how-to guide for local government that emphasizes performance of governmental functions, only one of which is producing a strategy for development. The Manual is divided into nine modules, the first of which describes the standard strategic planning process as it could be implemented in the Polish local government system. The other modules address issues of local governance. The topics are municipal service provision, privatization, infrastructure development, performance control, procurement, management information systems, city hall organization and public relations. The detail is sufficient to guide implementation; for example, the module on procurement describes the tender process, contractual obligations for licensing network services, plus master plan feasibility studies for water and sewage systems, district heating systems, and solid waste management. Appendices following the public relations module set forth guidelines for writing a press release, preparing a press conference, and being interviewed by the media.

Chesterton International PLC, the School of Advanced Urban Studies, University of Bristol and Foundation for Social and Economic Initiatives (FISE). (March, 1995). *Local Economic Development: Strategy and Action, A Manual of Good Practice in Economic Development for Local Authorities in Poland*. (Polish and English).

This is a primer for Polish local governments taking on the task of economic development planning and promotion. It is private sector oriented and stresses the role of government as an *enabler* of private sector activity, with the gmina acting within the framework of national and voivodship planning. The first and shortest chapter sets forth six core values to guide local economic development strategies: locality, autonomy, democracy, efficiency, equity, and sustainability. The second chapter outlines a process for the development of a local economic strategy, using a standard SWOT analysis in the strategic planning model. The third and longest chapter describes specific situations and options for gminas as they move from strategy development to action planning. It includes brief case studies from both Poland and England. Chapter four describes organizational options for local economic development. The English version has a chapter five that promotes sustainable development. The Polish version integrates that concept throughout the publication.

Hansen, Gary B. (February, 1996). *A Guide to Entrepreneurial Initiatives for Local Economic Development: Part 1 Planning, organising, and implementing economic development programmes*. Report to ILO/SHIELD PROGRAMME. International Labour Office. Geneva, Switzerland. (English)

A primer, it starts with a relatively activist perspective on the local government role in economic development and emphasizes community participation. The Handbook is based on three assumptions: a market based economy, locals drive successful community and economic development, and local economic development is process oriented. The latter means that there are step-by-step procedures that one can follow to develop and implement a local economic development strategy. Part 1 describes those procedures and includes very brief case studies. There is a discussion of obstacles to economic development planning in the Polish environment with suggested solutions for overcoming them. solutions include community involvement, a good relationship between the public and private sectors, empowerment, and the use of training courses in communication, management, and organization; and long-term planning. Part 2 is specific case studies organized by topic. Topics include contemporary theories in economic development such as entrepreneurship promotion, incubators, micro-lending, training programs, unique forms of business ownership, inter-firm cooperation, etc.

Mook, Richard G. (November, 1996). *A Framework for the Pre-Feasibility Assessment of a Food Processing and Distribution Center in Kutno, Poland*. (USAID/Poland Local Governance Program: 06610-607-00) The Urban Institute. Washington, D.C. (Polish and English).

This field report provides a procedural outline for planning and defining agroindustrial development priorities for a specific project. It served as an investigative framework for testing the feasibility of a proposed food processing and distribution center proposed for location in an industrial park zone adjacent to the town of Kutno. Market approaches to determining feasibility as well as assessments of commodity flows are presented.

ECONOMIC DEVELOPMENT TOOLKIT

Beckman, Martha E. (Undated) *Hometown Discovery: A Development Process for Tourism*. South Carolina Department of Parks, Recreation and Tourism. Columbia, South Carolina. (English).

“This book is designed to help localities decide whether or not to pursue tourists and their dollars, and, if that decision is positive, to promote awareness of both potential benefits and potential costs of tourism development to the community.”



It also “provides the basic structure for promoting awareness and guidelines for assistance in promotion of local communities.” It is designed primarily for small towns and rural areas.

Guidelines on conducting asset inventories are included, along with a description of a process for goal setting and developing action plans. Increasing visitation gets its own chapter, with sections on identification of the market, advertising, publicity, etc.

The Urban Institute. (Undated) *Business Survey: Kutno*. Prepared for USAID/Poland Local Governance Partnership Program. The Urban Institute. Washington, D.C. (Polish and English).

This semi-structured questionnaire was prepared for interviewing the largest companies in the Kutno area to determine whether or not they were planning to expand or relocate. The questionnaire included several items to reveal commodity mix and flows to and from Kutno. The town conducted this survey as part of their decision-making with respect to acquisition and use of industrial park land adjacent to the town. The questionnaire was prepared in the fall of 1996, pre-tested, modified, and put into use in November, 1996.

MISCELLANEOUS DOCUMENTS

Beauregard, R.A. (1994). “Constituting Economic Development” in *Theories of Local Economic Development*. R.D. Bingham and R. Mier, Editors. Newbury Park: Sage.

Ministry of Agriculture and Food Economy. (June, 1994). *Concept of Social and Economic Policy for Rural, Agricultural and Food Economy Sectors Till Year 2000*. Poland Ministry of Agriculture and Food Economy. Warsaw, Poland. (Polish and English).

Task Force for Regional Development in Poland. (February, 1996). *Record and Evaluation of Regional Programmes in Poland*. European Union Task Force for Regional Development in Poland. Warsaw. (English).

World Bank Country Studies. (1992). *Poland: Decentralization and Reform of the State*. The World Bank. Washington, D.C. (English).

TRAINING PLAN

The training plan consists of two major components. The first component is oriented to training Polish consultants and university and non-government organization personnel so that the capability to deliver economic development counsel and advice to Polish cities and institutions remains after the departure of USAID assistance. The second component, while serving some of the same purposes as the first, is oriented to civil service employees, primarily gmina and regional development agency personnel as opposed to consultants and university or institute personnel. In the latter component, a somewhat greater emphasis would be placed on longer-term priorities such as management, monitoring, citizen participation, and policy analysis.

CONSULTANT TRAINING

As outlined in earlier memos (To UIC Partners From Kingsley/Purdy, "Developing Pilot LGPP Strategy Modules." various dates), the pairing of Polish consultants with our team members is a basic tenant of our goals and procedures. A first meeting with the Polish consultants will shape the actual nature of the training program. Their input with respect to what they perceive as needed, desired, and high priority in order to prepare them to continue to provide high quality economic development advice to Polish cities can be incorporated into our training program.

Therefore, at this time we submit for consideration only the procedural steps that we think are logical and beneficial to the partnership gminas and the consultant team members in Poland. Just how much weight and priority each will have can be settled during the group meeting, which should occur immediately.

Procedural steps that we think might be relevant include:

- A Polish Consultant (PC) will accompany UIC team members on most if not all trips to member cities. Sanders International will work to arrange these matchups. The UIC consultant will take the lead role in communicating with local officials, private and public, about the nature of the Pilot LGPP program, the agreement with the city, the schedule of assistance that can be provided, and other important information that should be conveyed during the first visit. Over time, the UIC consultant will shift roles with the PC so that the PC can take the lead and be observed and counseled on the more direct economic development issues.
- In accord with the strategy module, a work plan will be developed in joint collaboration with the local officials and the PC. The UIC team member will assist as needed in developing outlines, setting courses for action, timetables and any other relevant activity that needs to be accomplished by the PC and members of local staffs.

- A series of two- or three-day workshops, possibly in Warsaw, might accelerate the transfer of techniques and knowledge in several areas. Already we have been urged to provide a workshop on industrial park planning, design and operation. Other areas that may lend themselves to this type of training could include cost-benefit analyses, performance monitoring, tourism development, or export assistance. Trainers are available in all these areas, and workshops are regularly held by organizations like the National Association of State Development Agencies.
- The UIC team member will work to make sure the PC gets exposure to: basic economic development theories, the preparation of baseline socio-economic data analyses, public presentations of complex issues, design and execution of surveys of relevance to economic development, consensus building and conflict resolution, and cross-functional coordination with the other six strategy areas of the Pilot LGPP.

At this point, we are unsure of whether or not evaluations of the PCS should be conducted, even informally. Some certification or judgement process would seem to be desirable with respect to the performance of the PC.

GMINA AND REGIONAL DEVELOPMENT AGENCY TRAINING

Each partner in the Pilot LGPP is expected to have policy and analysis staff available to assist the UIC and PC team members in all seven topical areas. As the external consultants (UIC and PC) begin working with each partner, it will be important to isolate several activities that could be undertaken with local town employees. For example, in Kutno there was the need to survey the business community on issues relevant to the development of an industrial park. The questionnaire was prepared by the UIC team member, and pilot-tested with the assistance of the local economic development office and a representative of the RDA. After modifications were made, it was left to the local economic development office to continue the interview process until the top 20 companies have been interviewed. At that point, the UIC consultant will assist in data entry and analysis of the data. In the future, the gmina or RDA employees should be able to conduct similar surveys and analyses as a result of this experience.